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Massachusetts
Department of Revenue
Division of Local Services

FY96

Cherry Sheet Manual

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Mitchell Adams, Commissioner

Robert H. Marsh, Deputy Commissioner

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I. INTRODUCTION

The Division of Local Services has developed the FY96 Cherry Sheet Manual to guide public officials, as well as private citizens and organizations interested in municipal finance, through the FY96 Cherry Sheet. We hope this guide will assist you in understanding how the programs on the Cherry Sheet work.

PURPOSE OF THE CHERRY SHEETS

Named for the cherry colored paper on which it was originally printed, the Cherry Sheet is the official notification from the Commissioner of Revenue of the next fiscal year's state aid and assessments to cities, towns, and regional school districts.

The purpose of the Cherry Sheet is to ensure that local budgets reflect realistic estimates of the amount of revenue a municipality and regional school district will actually receive from the state during the upcoming year, as well as the amounts that will be assessed upon local governments to pay for a variety of state or sub-state programs in which they participate. The Tax Rate Recapitulation Sheet, filed by local assessors with the Division of Local Services to certify property tax rates, must reflect the receipt and charge figures contained on the Cherry Sheet.

HOW TO USE THE FY96 CHERRY SHEET MANUAL

This manual presents information on each of the programs which comprise the FY96 Municipal and Regional Cherry Sheets. The following features of the receipt and assessment programs that appear on the Cherry Sheet are described below. Agency refers to the state agency administering the program.

- Title
- Item Number
- Law (s) Creating/Modifying Program
- State Budget Account Number
- Agency
- Amount
- Purpose
- Distribution/Reimbursement and Assessment/Charge Formula
- Administration
- Payment Schedule

This manual is organized into six sections. Section I provides an introduction to the manual. Municipal and Regional Cherry Sheet Receipts Programs are described in Section II. Section III provides a description of Municipal and Regional Cherry Sheet Assessments. The FY96 payment schedule for the Cherry Sheet Programs can be found in Section IV. Other Cherry Sheet resources available through the Division of Local Services are listed in Section V. In the final section, Section VI, we have provided sample copies of all three Cherry Sheet forms showing the FY96 state totals.

FY96 CHERRY SHEET SUMMARY

FY96 Cherry Sheets were mailed to local officials on June 30, nine days after Governor Weld signed the FY96 state budget. For the first time, however, the estimates were released in advance of the mailing, by placing computer files on the Division's On-line Access System and the MAGNET home page on the World-Wide Web.

For the fourth consecutive year, Cherry Sheet receipts increased significantly, from $2.924 billion in FY95 to $3.192 billion in FY96. Trends in aid can be seen on the graph and table on pages 3 and 4.

Significant features of the FY96 Cherry Sheets were:

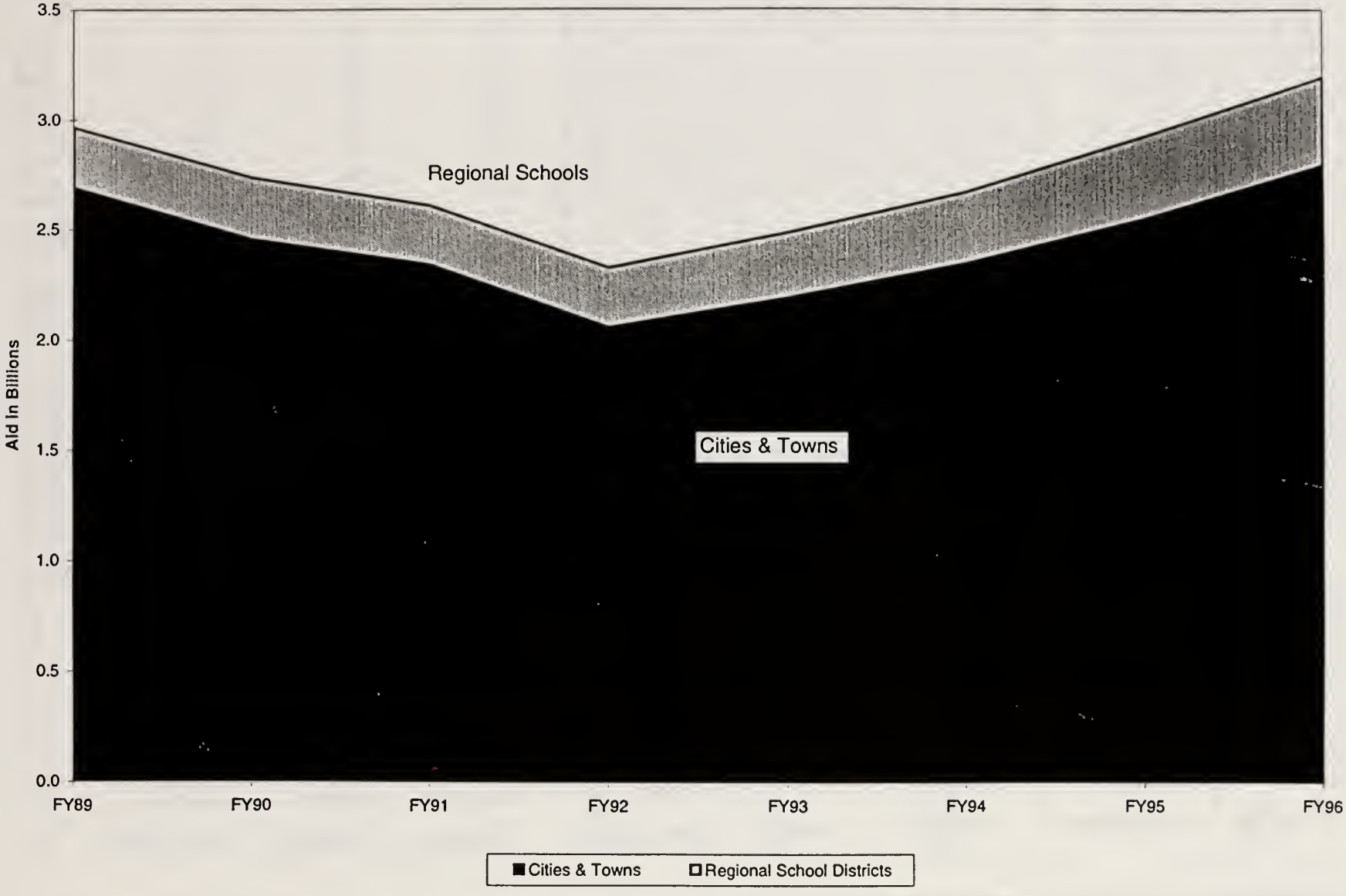
- an increase of $209.3 million in Chapter 70 Education Aid. A portion of the Chapter 70 increase is attributable to the new guarantee that all municipalities and regional school districts will receive a minimum of $75 in aid per pupil.

- a $51 million increase in Lottery Aid.

The FY96 Cherry Sheet receipt and assessment program allocations that use Equalized Valuations (EQV) reflect 1994 Equalized Valuations. Also, as specified by the FY96 state budget, the 1992 United States Census Bureau's population estimates were used in all formulas that required population estimates.

Since FY94, the Department of Revenue has implemented a provision of state law (Ch. 58, S. 18F) that allows the withholding of state aid to cities and towns that have not submitted the prior year's Schedule A to the Department of Revenue. This provision of the law will be applied again in FY96. All withheld aid is distributed to the appropriate municipality once the report has been submitted and accepted by the Division of Local Services.

Cherry Sheet Total Receipts FY89-96



* Does not include $210 million in Chapter 70 distributed due to the SJC decision.

CHERRY SHEET STATE AID FY87-FY96
MASSACHUSETTS STATE TOTALS

	RECEIPTS			ASSESSMENTS			NET STATE AID		
FY	MUNICIPALITIES	REGIONALS	COMBINED	MUNICIPALITIES	REGIONALS	COMBINED	MUNICIPALITIES	REGIONALS	COMBINED
87	2,373,749,418	243,769,930	2,617,519,348	204,813,364	2,721	204,816,085	2,168,936,054	243,767,209	2,412,703,263
88	2,576,697,434	254,204,126	2,830,901,560	209,269,865	34,817	209,304,682	2,367,427,569	254,169,309	2,621,596,878
89	2,692,968,637	273,374,494	2,966,343,131	158,019,163	54,922	158,074,085	2,534,949,474	273,319,572	2,808,269,046
90*	2,457,326,863	280,199,690	2,737,526,553	165,905,141	123,606	166,028,747	2,291,421,722	280,076,084	2,571,497,806
91	2,341,313,232	268,625,517	2,609,938,749	177,680,471	142,590	177,823,061	2,163,632,761	268,482,927	2,432,115,688
92	2,057,096,860	270,426,888	2,327,523,748	183,125,842	140,583	183,266,425	1,873,971,018	270,286,305	2,144,257,323
93	2,192,530,849	295,575,733	2,488,106,582	188,463,783	138,799	188,602,582	2,004,067,066	295,436,934	2,299,504,000
94	2,349,182,790	323,349,018	2,672,531,808	191,949,485	136,894	192,086,379	2,157,233,305	323,212,124	2,480,445,429
95	2,550,609,971	373,678,410	2,924,288,381	196,140,454	101,350	196,241,804	2,354,469,517	373,577,060	2,728,046,577
96	2,793,297,553	398,742,162	3,192,039,715	200,890,171	69,034	200,959,205	2,592,407,382	398,673,128	2,991,080,510
DOLLAR CHANGE									
87-88	202,948,016	10,434,196	213,382,212	4,456,501	32,096	4,488,597	198,491,515	10,402,100	208,893,615
88-89	116,271,203	19,170,368	135,441,571	(51,250,702)	20,105	(51,230,597)	167,521,905	19,150,263	186,672,168
89-90*	(235,641,774)	6,825,196	(228,816,578)	7,885,978	68,684	7,954,662	(243,527,752)	6,756,512	(236,771,240)
90-91	(116,013,631)	(11,574,173)	(127,587,804)	11,775,330	18,984	11,794,314	(127,788,961)	(11,593,157)	(139,382,118)
91-92	(284,216,372)	1,801,371	(282,415,001)	5,445,371	(2,007)	5,443,364	(289,661,743)	1,803,378	(287,858,365)
92-93	135,433,989	25,148,845	160,582,834	5,337,941	(1,784)	5,336,157	130,096,048	25,150,629	155,246,677
93-94	156,651,941	27,773,285	184,425,226	3,485,702	(1,905)	3,483,797	153,166,239	27,775,190	180,941,429
94-95	201,427,181	50,329,392	251,756,573	4,190,969	(35,544)	4,155,425	197,236,212	50,364,936	247,601,148
95-96	242,687,582	25,063,752	267,751,334	4,749,717	(32,316)	4,717,401	237,937,865	25,096,068	263,033,933
87-89	319,219,219	29,604,564	348,823,783	(46,794,201)	52,201	(46,742,000)	366,013,420	29,552,363	395,565,783
89-92	(635,871,777)	(2,947,606)	(638,819,383)	25,106,679	85,661	25,192,340	(660,978,456)	(3,033,267)	(664,011,723)
92-96	736,200,693	128,315,274	864,515,967	17,764,329	(71,549)	17,692,780	480,498,499	103,290,755	583,789,254
PERCENTAGE CHANGE									
87-88	8.5	4.3	8.2	2.2	1,179.6	2.2	9.2	4.3	8.7
88-89	4.5	7.5	4.8	-24.5	57.7	-24.5	7.1	7.5	7.1
89-90*	-8.8	2.5	-7.7	5.0	125.1	5.0	-9.6	2.5	-8.4
90-91	-4.7	-4.1	-4.7	7.1	15.4	7.1	-5.6	-4.1	-5.4
91-92	-12.1	0.7	-10.8	3.1	-1.4	3.1	-13.4	0.7	-11.8
92-93	6.6	9.3	6.9	2.9	-1.3	2.9	6.9	9.3	7.2
93-94	7.1	9.4	7.4	1.8	-1.4	1.8	7.6	9.4	7.9
94-95	8.6	15.6	9.4	2.2	-26.0	2.2	9.1	15.6	10.0
95-96	9.5	6.7	9.2	2.4	-31.9	2.4	10.1	6.7	9.6
87-89	13.4	12.1	13.3	-22.8	1918.4	-22.8	16.9	12.1	16.4
89-92	-23.6	-1.1	-21.5	15.9	156.0	15.9	-26.1	-1.1	-23.6
92-96	35.8	47.4	37.1	9.7	-50.9	9.7	25.6	38.2	27.2

** Does not include $210 million in Chapter 70 that was originally withheld from Cherry Sheets but distributed in the summer of 1990 due to the SJC decision.*

II. CHERRY SHEET RECEIPTS

Chapter 58, Section 25A of the Massachusetts General Laws provides that the Commissioner of Revenue estimate in advance the state's share of local reimbursement and assistance programs as authorized by law and appropriated by the legislature. Local assessors are required to use these figures in determining the local property tax rate.

Cherry Sheet receipts appear on two forms: CS 1-ER, which notifies municipalities of estimated receipts and CS 2-ER, which notifies regional school districts of estimated receipts (and charges).

State aid to municipalities and regional school districts consists of two major types -- distributions and reimbursements.

Distributions provide funds to each municipality and regional school district according to various formulas. Reimbursements provide funds to reimburse municipalities and regional school districts for all or part of the costs incurred during a prior period for certain programs or services.

In addition to reimbursements and distributions, it should also be noted that certain programs on forms CS 1-ER and CS 2-ER are designated as "Offset Items". These items are amounts that constitute categorical aid, i.e., funds that must be spent for specific municipal and regional school district programs.

Funds received under programs designated as "Offset Items" may be spent without appropriation in the local budget. All other receipt items on the cherry sheet are considered revenues of the municipality's or regional school district's general fund and may be spent for any purpose, subject to appropriation.

Chapter 70 *A-1*

Law Creating/Modifying Program:	**Ch. 70, Ch. 71, Acts of 1993**
State Budget Account Number:	**7061-0008**
Agency:	**Department of Education**
Total Amount:	**$1,831,818,547**
All Municipal:	**$1,486,542,892**
All Regional:	**$ 345,275,655**

PURPOSE: The Education Reform Act of 1993 had a substantial impact on municipal finance and in particular, on the level of local aid received by municipalities and regional school districts, hereafter referred to collectively as districts. Education Reform was undertaken in an effort to insure both equitable and adequate funding of the Commonwealth's public schools over a seven year period.

Equity is insured by establishing the level of local funding support each district must make to education based on its ability to pay. If not already at this level, a district's local funding target will increase annually until it equals the Gross Standard of Effort, the level of local funding that will ensure that each district is supporting education at a comparable level relative to ability to pay.

Adequacy is achieved through the establishment and attainment of a total spending target - the Foundation Budget - for each district. Through a combination of state aid and local effort, all districts are expected to reach this level in seven years.

Certain terms referenced in the descriptions below are defined in the glossary at the end of this section.

DISTRIBUTION FORMULA: In FY94, the first year of Education Reform, several state aid programs were consolidated under the Chapter 70 program heading. The new Chapter 70 consists of FY93 (pre-education reform) levels of Chapter 70, Chapter 71 (Regional School Aid), Chapter 70A (Equal Education Opportunity grants), and Per Pupil Education Aid plus new aid to finance a district's progress toward equity and foundation spending.

Education Reform allocates Chapter 70 through a formula, which is administered by the Department of Education. Generally, the formula compares a district's net school spending (current required spending) to its prescribed Foundation Budget, and compares the amount of local funds supporting net school spending (local contribution) to the district's prescribed Gross Standard of Effort.

Net school spending that is less than the Foundation Budget results in a "spending gap." Under the Education Reform Act, this spending gap is closed through a combination of increases in state and local funds.

Comparisons of net school spending to the Foundation Budget, and of local contribution to the Gross Standard of Effort, yield one of four possible categories for a district. These categories determine whether a district's local contribution must increase in the next fiscal year.

Exhibit 1
Local School Spending Requirements

Gross Standard of Effort

Foundation Budget	Above	Below
Above	*Category 1* Option to Reduce to Gross Standard of Effort	*Category 2* Increase by the Municipal Revenue Growth Factor
Below	*Category 3* Reduce to Gross Standard of Effort, or FY93 local contribution, whichever is greater	*Category 4* Increase by Municipal Revenue Growth Factor and New Local Effort

Aid Calculations

A district's Chapter 70 allocation is comprised of one or more of the following components.

Base Aid[1] - In FY94, the first year under Education Reform, each district received base aid as a component of Chapter 70 aid. Base aid was comprised of the FY93 levels of Chapter 70, Chapter 71, Equal Education Opportunity Grant aid, and Per Pupil Education Aid.

In FY96, each district will receive as FY96 base aid, FY95 base aid plus the combined FY95 amounts from the following aid components which are described below: Foundation Aid, Minimum Aid and School Choice Aid.

[1] Because the FY93 Chapter 70 amounts are incorporated into the FY94 Base Aid amounts, it is important to understand how the pre-education reform Chapter 70 aid was calculated. Before Education Reform, the bulk of a district's aid was labeled Resolution Aid which was made up of Chapter 70 Aid and Additional Assistance. Resolution Aid used a "needs based" formula for distribution. This formula was devised as a method for allocating the greatest amounts of Resolution Aid to those municipalities that demonstrated the greatest need. The needs based formula was used to distribute any "new" Resolution Aid over the previous year's amounts. However, with the local aid cuts of the early 1990s there was no "new" aid -- only decreases in FY90 through FY92 and level funding in FY93. Hence, the needs based formula was not run in those years.

Foundation Aid - The amount of new Foundation Aid a district receives in any year is a function of its foundation gap. A foundation gap occurs when, based on its ability to pay, a community is unable to reach its foundation through local effort. In FY96, a district will receive foundation aid equal to 44.8 percent of its foundation gap.

Minimum Aid - If, in FY96, the amount of Foundation Aid a district receives does not equal or exceed $75 per pupil, the district will receive minimum aid that will result in a total increase of $75 per pupil. In FY95, districts received minimum aid of $25 per pupil.

Equity Aid - For those districts whose local funding (local contribution) exceeds the gross standard of effort, equity aid is intended to allow a district to reduce its local support for education to its gross standard of effort, the level established to equalize local support for education across all districts in the Commonwealth.

The equity gap is a function of the amount of local spending that exceeds the gross standard. This amount is reduced by the amount of local spending in excess of the foundation. Equity aid is subtracted from the district's minimum local contribution which decreases the level of local dollars that must be expended during the fiscal year to support education.

Overburden Aid - Those districts that have a standard of effort gap must increase local spending to close the gap unless they are deemed poor based on a comparison of their adjusted equalized valuation per pupil to the statewide average. If this is the case, instead of having to make additional local effort to close the gap, the district will receive Overburden Aid to cover some or all of the required new local effort.

For districts with an adjusted equalized valuation per pupil that is less than or equal to 95 percent of the statewide average, overburden aid will finance 100 percent of a district's requirement to close its standard of effort gap. For districts with an adjusted equalized valuation per pupil between 95 percent and 120 percent of the statewide average, overburden aid will finance a decreasing amount of the gap ranging from 100 to 75 percent. Districts over 120 percent of the statewide average receive no overburden aid. In addition, for those districts that have an average per capita income below the state average per capita income, overburden aid will finance 100 percent of a district's requirement to close its standard of effort gap.

Note that in any year in which a municipality receives an increase in local aid accounts for lottery or additional assistance, Education Reform requires that 75 percent of these increases offset the amount of overburden aid due a district. This provision has been suspended in FY94, FY95 and FY96.

New Regional Aid - Through FY95, a number of districts became regionalized qualifying them for additional regional school district aid. This aid then became a part of the district's base aid.

In the future, new or expanded regional school districts will be eligible for incentive aid which will be classified as New Regional Aid. This aid will be paid at a rate of $50 per

pupil in the first year following the establishment of a new regional school district or expansion of an existing district; $40 per pupil in the second year; $30 per pupil in the third year; $20 per pupil in the fourth year; and, $10 per pupil in the fifth year. Unlike earlier regional district aid, future incentive amounts discussed in the preceding paragraph that are paid in any fiscal year will not become part of base aid for the following fiscal year.

School Choice Aid - If a district is spending below the foundation budget and it was a "sending" district under school choice in FY95, it will receive FY96 New Choice Aid in an amount equal to any increase in its FY95 estimated gross school choice liability, when compared to the previous year.

Charter School Aid - For FY96, estimated Charter School payments for below foundation communities are added to Chapter 70 aid calculations as Charter School Aid.

ADMINISTRATION: The Education Reform formula is administered by the Department of Education. Before receiving any education aid, all districts are required to submit End-of-Year Pupil and Financial Reports to the Department. The data contained in these reports are necessary to many of the aid calculations. By March 1 of each year, the Commissioner of Education must notify all districts of their minimum local contribution and Chapter 70 aid for the following fiscal year.

A district's failure, in a given fiscal year, to spend at least 95 percent of its net school spending requirement will result in a reduction of Chapter 70 aid in the following fiscal year. If a community does not spend its full net school spending requirement for two consecutive years, the amount of the shortfall will be deducted from Chapter 70 aid.

PAYMENT SCHEDULE: Quarterly.

EDUCATION REFORM GLOSSARY

Foundation Budget The Foundation Budget, which is determined by the Department of Education, is a target level of spending designed to insure a quality level of education in each district. The Foundation Budget is the sum of six factors. These factors are: payroll, non-salary expenses, professional development, expanded programs, extraordinary maintenance, and books and equipment. Each of these factors is calculated using the previous year's end-of-year pupil enrollment with adjustment made for special education and low income students. An annual adjustment is also made for inflation.

The Foundation Budget establishes spending targets by grade (pre-school, kindergarten, elementary, junior high and high school) and program (special education, bilingual, vocational and low income). Grade and program spending targets are intended to serve as guidelines only and are not binding on local school districts.

Gross Standard of Effort The Gross Standard of Effort establishes the maximum level of local financial support that a district must provide to education, although it may choose to exceed that requirement.

In FY94, the Gross Standard of Effort for each municipality was calculated by multiplying its adjusted equalized valuation by an "implicit" school tax rate of $9.40 per $1,000 of adjusted equalized valuation. Adjusted equalized valuation was used as a measure of a municipality's ability to pay and was calculated by multiplying its equalized valuation by the ratio of its per capita income to the statewide average per capita income.

In FY95, the Gross Standard of Effort for each municipality was increased by its Municipal Revenue Growth Factor. Again in FY96, as required by statute, the Gross Standard of Effort is calculated by multiplying a community's FY95 Gross Standard of Effort by its FY96 Municipal Growth Factor.

Local Contribution Section 262 of the FY95 state budget effectively modified the local contribution so that it is based upon required spending, rather than actual spending. If a district chooses to spend more than its minimum requirement in a given year, it is not forced to maintain that additional spending in subsequent years. This figure represents the share of required net school spending derived from local revenue.

Minimum Local Contribution A district's minimum local contribution is its local spending requirement for a given fiscal year. The minimum local contribution is the sum of its preliminary local contribution plus any additional local funds it must expend to close a standard of effort gap. For many districts the preliminary local contribution is calculated by increasing the prior year's local contribution by the growth factor. However, the preliminary local contribution does take into consideration where the district falls in terms of its foundation budget and gross standard of effort. Exhibit 1 illustrates how the preliminary local contribution changes as a function of a district's net school spending in relation to its foundation budget and its local contribution in relation to its Gross Standard of Effort. If a community is eligible for equity aid, the minimum local contribution is reduced by the amount of the aid.

Municipal Revenue Growth Factor The Municipal Revenue Growth Factor (MRGF) is an estimate of the percentage change in FY96 revenue growth for each city and town. Calculated by the Department of Revenue's Division of Local Services, it represents the combined percentage increase in the following four revenue components:

2½ Percent Increase in the Levy Limit The FY95 levy limit prior to adding any additional amounts from debt, capital or sewer/water exclusions -- is decreased by the amount of any successful FY94 and FY95 overrides, in accordance with language in Chapter 70. If a community's FY95 tax rate was not set as of early January 1995 (when these factors were originally calculated), its FY95 limit was estimated by raising the FY94 base by 2.5% and adding estimated FY95 growth using the three-year average growth percentage described in the following section.

Estimated New Property Growth FY95 Proposition 2½ allows communities to increase their limits above the standard 2½ percent, in order to reflect new building and renovation activity that has expanded the tax base. The most recent three years of new growth are averaged in terms of the percentage increase they accounted for in the previous year's limit. The maximum of these three percentages is compared to the average of the other two. If the difference exceeds two percentage points, then the maximum is considered to represent an aberration that would not be likely to recur in FY96. In this case, the lowest three years out of the most recent four years are used to estimate the new growth rate of increase. This rate is applied to the FY95 levy limit in order to arrive at the estimated levy increase due to new growth in FY96.

Changes in General Revenue Sharing State Aid, FY95 to FY96 The combined change in cherry sheet estimated receipts for the Additional Assistance, Lottery, and State Owned Land accounts between FY95 and FY96 is required by statute to be incorporated into the factor. State Owned Land estimates were level-funded, because FY96 estimates for this program were not available until after this factor was calculated. As required by the final FY96 budget, $36 million of the $51 million Lottery increase for FY96 is incorporated into the factor.

Change in Unrestricted Local Receipts, FY94 to FY95 The combined change between the actual FY94 and the estimated FY95 recurring general-purpose local receipts on Schedule A of the Tax Rate Recapitulation Sheet is calculated for each municipality. The revenue categories included are motor vehicle excise; other excise; penalties and interest on taxes; payments in lieu of taxes; fines and forfeits; investment income; and miscellaneous receipts.

Net School Spending "Net school spending" is the amount a district spends in a given year for the support of public education including certain expenditures made by a municipality on behalf of its local school district. Net school spending does not include expenditures for certain classes of long-term debt service, school lunches, community services, fixed assets or student transportation. It also does "not include tuition revenue from activity, admission, other charges or any other revenue attributable to public education".

Each district reports its estimated net school spending to the Department of Education on Schedule 19 of the End-of-Year Pupil and Financial Report. Based on Section 262 of the FY95 state budget, the FY96 net school spending requirement is a function of the FY94 and FY95 requirements.

Net School Spending Requirement The net school spending requirement in FY96 is the sum of a district's minimum local contribution and its FY96 Chapter 70 aid. Municipalities and regional school districts must appropriate funds sufficient to meet the net school spending requirement. Over and above the net school spending requirement, funds need to be appropriated to support costs of student transportation, fixed assets, long term debt service and other costs not eligible to meet the net school spending requirement. Detailed definitions of those costs that qualify as net school spending can be found in Regulations for School Finance: Student and Financial Accounting, Reporting and Documentation Requirements (603 CMR 10.00) issued by the Massachusetts Department of Education.

Standard of Effort The Standard of Effort is the amount a district must spend to either meet its foundation budget or the Gross Standard of Effort, whichever is less.

School Transportation Programs — *A-2*

Law(s) Creating/Modifying Program:	**Ch. 71 SS. 7A, 7B, 37D, Ch. 71A, S. 8, Ch.71B, S. 14, Ch. 74, S. 8A**
State Budget Account Number:	**7035-0004**
Agency:	**Department of Education**
Total Amount:	**$58,308,639**
All Municipal:	**$56,307,297**
All Regional:	**$ 2,001,342**

PURPOSE: To reimburse all or part of the costs, subject to appropriation, incurred by a municipality or regional school district for pupil transportation.

REIMBURSEMENT FORMULAS:

Pupil Transportation - Ch. 71, S. 7A:
The state reimburses the cost above $5 per pupil per year. This reimbursement is paid provided that:

a) the pupil resides at least 1½ miles from school as measured by a common route
b) the cost for private school transportation is not more than public school transportation in the same municipality
c) the contract for transporting pupils is awarded to the lowest bidder except where the lowest bidder is unacceptable to the school committee (the committee must show justification).

School Transportation - Ch. 71, S. 7B:
Provides for the partial reimbursement of the cost not reimbursable under Section 7A incurred by a school district for the transportation of pupils to and from school on mass public transit. Aid is limited to the direct costs of transportation, the indirect cost of maintaining public transit services, or 20 cents per day per rider, whichever is less. Riders must live at least 1½ miles from school for their transportation costs to be eligible for reimbursement.

Racial Imbalance Transportation - Ch. 71, S. 37D:
Reimburses the cost of transporting pupils for the purpose of achieving racial balance.

Bilingual and Special Needs Transportation - Ch. 71A, S. 8 and Ch. 71B, S. 14:
Reimburses municipalities for costs incurred for the transportation of bilingual and special needs pupils to and from schools. The reimbursement of a district's bilingual and special needs per rider costs will equal the local cost for a regular rider, plus the difference

between that cost and the special or bilingual cost, provided that the difference does not exceed 110% of the state average difference.

Outside Vocational School Transportation - Ch. 74, S. 8A:
Reimburses the cost of transporting pupils to occupational programs outside the school district.

Ch. 71, S.7A, S.7B, and S.16C reimburse school districts for 100% of non-public school transportation.

ADMINISTRATION: Reimbursement during any fiscal year is for costs incurred in the prior school year. The Department of Education calculates pupil transportation reimbursements according to the above formulas based on figures provided by school districts in End-of-Year Pupil and Financial Reports. The Department of Education certifies to the Comptroller the amounts to be reimbursed to each municipality and regional school district.

Funds under Ch. 71, S. 7A are reimbursed to municipalities only; both municipalities and regional school districts receive funds under the other programs. Regional school districts are reimbursed for transportation costs under Ch. 71, S. 16C; see Regional Receipt Item Number A-4.

PAYMENT SCHEDULE: Annually, after filing.

School Construction *A-3*

Law(s) Creating/Modifying Program:	**Ch. 645, Acts Of 1948, Ch. 511, Acts Of 1976, Ch. 746, Acts Of 1987, Ch.232, Acts Of 1989, Ch. 150, Acts Of 1990, Ch. 133, Acts Of 1992**
State Budget Account Number:	**7052-0003** **7052-0004** **7052-0005** **7052-0006** **7052-0007**
Agency:	**Department of Education**
Total Amount:	**$174,348,518**
All Municipal:	**$151,419,010**
All Regional:	**$ 22,929,508**

PURPOSE: To provide financial assistance to municipalities and regional school districts to plan and construct school buildings. Projects include new buildings, additions, renovations, and major building repair projects.

REIMBURSEMENT FORMULA: Any municipality or regional school district may apply for a school construction grant to cover part of the cost of an approved school project. Total grants are between 50% and 90% of costs. Each municipality's level of reimbursement is specified by statute. However, reimbursement for all projects to reduce or eliminate racial imbalance is 90%.

The level of reimbursement for regional school districts is calculated by multiplying the capital assessment ratio for each member municipality (as established by regional agreement) by the grant percentage as specified by statute and summing the results.

The number of payments received by the grant recipient is equal to the number of years for which indebtedness is incurred to finance the project, but not less than five or more than twenty years.

ADMINISTRATION: Municipalities and regional school districts file capital project applications with the Governance, Environmental, Structural Support Services Cluster of the Department of Education. Then, each June all completed applications are prioritized according to criteria established by the state legislature. The ranked projects are submitted to the Board of Education at its monthly meeting to establish the order of project approval in the next fiscal year.

The SBAB project priority formula was outlined in recent amendments to the SBAB Act. The priority list begins with special projects (if there are any), followed by the category 1, then category 2 and finally category 3 projects. The category 1 projects are racial balance projects. Category 2 projects either relieve or prevent overcrowded conditions or make necessary repairs in an effort to mitigate accreditation issues. The last category of projects, category 3, are projects designed to improve facilities and programs and possibly extend the life of school buildings. It is important to note that since FY91, each years' state budget has maintained the order and priority of projects on the prior years' annual list for categories 2 and 3. Simply put, the balance of the FY95 SBAB list was given priority in the FY96 budget so that the projects remaining from FY95 are prioritized for FY96.

Major reconstruction projects require a simpler format than school construction projects. Once these applications are on file, the school district usually begins the repair. The district then waits for retroactive Board approval in future fiscal years, which is contingent upon the availability of funds.

Each fiscal year, the legislature approves the annual School Building Assistance authorization, which allows the Board of Education to approve grants during the year. The legislature agrees to fund these grants in the following fiscal year from the All Other First Annual Payments account. Grants for desegregation projects are funded from the category 1 First Annual Payments for Desegregation Projects account.

The Ongoing Payments account provides for all second and subsequent payments of approved school construction grants. The Other Reimbursable Costs account provides for other construction related activities including reimbursement for: leases for vocational space and capital costs associated with a buy-in to a regional school district.

The Department of Education certifies to the Comptroller the amounts to be provided.

Cost estimates must be submitted on Form F three separate times during the duration of the school construction project: first when applying for Board approval of the project, second when applying for a project number, and finally when the project and audit are completed.

The account numbers are for the following payments:

7052-0003	First Annual Payments for Desegregation Projects
7052-0004	All Other First Annual Payments
7052-0005	Ongoing Payments
7052-0006	Other Reimbursable Costs
7052-0007	Safety Projects

PAYMENT SCHEDULE: Payments are made annually for each project, during the quarter in which the project's construction started. Municipalities must submit evidence that a project has started in order to receive a First Annual Payment. The First Annual Payment is made in the next fiscal year after the project has started.

Retired Teachers' Pensions *A-4*

Law Creating/Modifying Program:	**Ch. 32, S. (2) (C)**
State Budget Account Number:	**0612-1010**
Agency:	**Teachers' Retirement Board**
Total Amount:	**$35,500,000**

PURPOSE: To reimburse the City of Boston for the cost of paying pensions to retired teachers not covered by the state teachers' retirement system. (All other teachers are covered by the state teachers' retirement system.)

REIMBURSEMENT FORMULA: The City of Boston is reimbursed 97% of contributory pension and 100% of non-contributory pension expenses for FY96.

ADMINISTRATION: The Boston Retirement Board certifies the pensions to be paid to the State Teachers' Retirement Board. The State Teachers' Retirement Board certifies to the Comptroller the reimbursement to the City of Boston.

PAYMENT SCHEDULE: Annually, September.

Tuition of State Wards — *A-5*

Law(s) Creating/Modifying Program:	**Ch. 76, SS7 and 9, Ch.745 7A, Ch. 71, S71f, Ch. 60 of the Acts of 1994**
State Budget Account Number:	**7061-0009**
Agency:	**Department of Education**
Total Amount:	**$3,986,947**
All Municipal:	**$3,237,386**
All Regional:	**$ 749,561**

PURPOSE: To reimburse cities and towns for the cost of public elementary or high school tuition of state wards. State wards are pupils residing in foster or group care under the jurisdiction of the Department of Social Services. This program was not on the FY94 Cherry Sheet because it was not funded in the original FY94 state budget (as it had been in FY92 and FY93). However, the supplemental FY94 state budget did provide $1,396,303 in funding, which was paid in August of 1994. The FY95 payment was made in the summer of 1995. The FY96 payment will be made in the spring of 1996.

REIMBURSEMENT FORMULA: Entitlements are based upon the average costs for instruction, administration, maintenance, fixed charges, principals, audio-visual services, and other pupil services in the pupil's grade range and program type. The estimates were prorated in FY94 and FY95 at 10.73 percent and 19.92 percent respectively. The FY96 estimate is prorated at 27.30 percent.

ADMINISTRATION: Superintendents submit claims for FTE average membership in the prior school year to the Department of Education, which are also reviewed by the Department of Social Services.

PAYMENT SCHEDULE: Annually, 3rd or 4th Quarter

Racial Equality *A-6*

Law Creating/Modifying Program: **Ch. 76, S. 12A, Ch. 71, S.S. 37I & J, Ch. 15. S. 1I**

Agency: **Department of Education**

Total Amount: **$24,398,223**
All Municipal: **$23,476,488**
All Regional: **$ 921,735**

PAYMENT SCHEDULE: Quarterly, after filing as follows: (1) grant application form and budget form to receive the first payment and (2) request for funds forms to receive the last three quarterly payments.

This Municipal and Regional Cherry Sheet Receipt Item is comprised of three accounts: Racial Imbalance, Magnet Education and Equal Education Improvement.

RACIAL IMBALANCE (METCO)

Budget Account Number: **7010-0012**

Total Amount: **$11,150,223**
All Municipal: **$10,228,488**
All Regional: **$ 921,735**

PURPOSE: To reduce or eliminate racial imbalance by providing minority children from racially imbalanced schools in Boston and Springfield an option to attend schools in another municipality or regional school district.

REIMBURSEMENT FORMULA: The receiving school district is reimbursed for its actual and specifically documented incremental instructional costs, special education instructional and evaluation costs, and transportation costs incurred as a direct consequence of program participation. The Board of Education approves grant payments subject to appropriation.

ADMINISTRATION: The school committee of any municipality or regional school district may adopt a plan for attendance at its schools by any child who lives in another municipality or regional school district in which racial imbalance exists in a public school. Such a plan must be filed with the Board of Education for adoption by the Board.

Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities and regional school districts.

MAGNET EDUCATION

Budget Account Number: **7010-0042**

Total Amount: **$4,800,000**

PURPOSE: To provide magnet school facilities and magnet educational programs to reduce or eliminate racial imbalance.

REIMBURSEMENT FORMULA: Any municipality adopting a plan to racially balance its schools may request, and the Board of Education may approve a grant, subject to appropriation, to cover the following costs incurred in the provision of magnet programs:

- the average per pupil costs of such schools over and above the average per pupil expenditure for other schools in the district, provided the payments do not exceed $300 per pupil served.
- the cost of transporting each pupil to the magnet facility.
- up to 75% of the cost of planning, constructing, and improving such a facility.
- other incidental costs in the provision of magnet facilities that the Board of Education approves.

ADMINISTRATION: School districts implementing a racial balance plan approved by the Board of Education and operating magnet schools are eligible to receive payments under this program. Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities.

EQUAL EDUCATION IMPROVEMENT

Budget Account Number: **7010-0043**

Total Amount: **$8,448,000**

PURPOSE: To improve the quality of education in municipalities transferring pupils to eliminate racial imbalance, subject to certain funding priorities established by the Board of Education.

REIMBURSEMENT FORMULA: The qualifying school district receives, subject to

appropriation, payments not to exceed $500 per pupil transferred for the purpose of racially balancing schools.

ADMINISTRATION: The Board of Education designates and administers a separate Equal Education Improvement Fund for each school district implementing an approved racial balance plan. Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities.

School Lunch *A-7*

Law Creating/Modifying Program: **Ch. 871, Acts of 1970**

State Budget Account Number: **7053-1909**

Agency: **Department of Education**

Amount: **$5,150,903**
All Municipal: **$4,448,473**
All Regional: **$ 702,430**

PURPOSE: To reimburse part of the cost incurred in serving lunches to school children.

REIMBURSEMENT FORMULA: The cost of meals served is partially reimbursed to the extent funds are appropriated. Reimbursement is intended to supplement federal and local support.

ADMINISTRATION: Municipalities and regional school districts are required to submit reimbursement claims (Form FP-6) monthly to the Department of Education, which then approves the amount of reimbursement and submits payment vouchers to the Comptroller. The program must be in accordance with the National School Lunch Act.

Until FY93, this Municipal and Regional School Cherry Receipt Item was comprised of the School Lunch and Elderly Lunch programs. In FY93, Elderly Lunch was not included on the Cherry Sheet as a component of Lunch Programs, because administrative responsibility for the program has shifted from the Department of Education to the Executive Office of Elder Affairs. However, participating municipalities and regional school districts will continue to receive state support for lunches provided.

In FY94, this program was retitled School Lunch, since Elderly Lunch funds are no longer distributed through the cherry sheet.

PAYMENT SCHEDULE: Monthly.

Regional School Transportation *(Regional) A-4*

Law(s) Creating/Modifying Program: **Ch. 71, S. 16C**

State Budget Account Number: **7035-0006**

Agency: **Department of Education**

Total Amount: **$26,230,965**

PURPOSE: To reimburse the cost of regional school transportation.

REIMBURSEMENT FORMULA: The state reimburses a portion of the cost of regional school transportation. Costs eligible for reimbursement are limited to those incurred in transporting pupils who live at least 1½ miles from school.

ADMINISTRATION: Reimbursement during any fiscal year is for costs incurred in the prior school year. The Department of Education calculates pupil transportation reimbursements based on figures provided by school districts in End-of-Year Pupil and Financial Reports. The Department of Education certifies to the Comptroller the amounts to be reimbursed to each regional school district.

PAYMENT SCHEDULE: Annually, after filing.

Lottery, Beano, and Charity Games — *B-1*

Law Creating/Modifying Program:	**subject to annual budgetary language**
State Budget Account Number:	**0640-2001**
Agency:	**Lottery Commission**
Total Amount:	**$442,600,000**

PURPOSE: To provide general purpose financial assistance to municipalities on an equalizing basis.

DISTRIBUTION FORMULA: In FY96, the Governor and the Legislature continued the phasing out of the "Lottery cap" and authorized a FY96 lottery aid distribution of $442.6 million, an increase of $51 million over the prior year. Municipal Stabilization Aid, which was calculated using the Lottery formula, had a one-time distribution in FY94 and then was incorporated into the lottery account in FY95.

The Lottery formula was used in FY96 to distribute the lottery aid in excess of the prior fiscal year's allocation.

The Lottery formula is equalizing, with municipalities with lower property values receiving proportionately more aid than those with greater property values. The formula is based on population and Equalized Property Valuation.

The formula is as follows:

$$\text{Municipality's Aid} = \left[\frac{E_s}{E_m}\right] * \$10 * P_m * K$$

E_s = Equalized Valuation per capita of the state
E_m = Equalized Valuation per capita of the municipality
P_m = Population of the municipality
K = Pro-ration factor

The pro-ration factor adjusts the formula according to the net Lottery receipts available. The formula is normally applied only to the new lottery aid, that is the amount above what was distributed the previous year.

ADMINISTRATION: The Lottery distribution is funded through a transfer of funds and not by appropriation, although the total amount of the annual distribution is stipulated in Section 3 of the annual state budget.

The Division of Local Services certifies to the Treasurer the amounts to be distributed to municipalities.

No local action is needed to receive Lottery funds.

PAYMENT SCHEDULE: Quarterly.

Additional Assistance *B-2*

Law(s) Creating/Modifying Program: **Annual state budgets**

State Budget Account Number: **0611-5500**

Agency: **Executive Office of Administration and Finance**

Amount: **$476,315,282**

PURPOSE: Additional Assistance provides flexible unrestricted aid to municipalities.

DISTRIBUTION FORMULA: There has not been a separate formula for Additional Assistance since FY83. In the 1980's, when the Needs-Based Formula was used to allocate new "Resolution Aid," Additional Assistance was the balance of a municipality's Resolution Aid after the allocation of Chapter 70 School Aid had been calculated.

In FY92, as much of the reduction in Resolution Aid was taken from Additional Assistance as possible. If the reduction could not be totally absorbed by Additional Assistance, the difference was then taken from Chapter 70. After the Education Reform Act of 1993 was enacted, Additional Assistance became a static Cherry Sheet program, with no formulaic basis for change. In FY93 - FY96, Additional Assistance has been funded at the FY92 level.

ADMINISTRATION: The Additional Assistance allocation is contained in Section 3 of the annual state budget.

The Division of Local Services certifies to the Treasurer the amounts to be distributed to municipalities.

PAYMENT SCHEDULE: Quarterly.

Highway Fund *B-3*

Law Creating/Modifying Program:	**Ch. 81, S. 31, Ch. 577, S. 8, Acts Of 1980**
State Budget Account Number:	**6005-0017**
Agency:	**Massachusetts Highway Department**
Total Amount:	**$43,472,110**

PURPOSE: To reimburse municipalities for costs incurred in the construction, maintenance, and policing of local streets and roads.

DISTRIBUTION FORMULA: The Highway Fund formula is based on the number of motor vehicle registrations, road miles, and Equalized Valuations. Reimbursements are made according to the following formula:

Basic Highway Allowance = $400
Road Use Allowance = 7 x Registrations/Miles
Equalizing Deduction = .0001 x Equalized Value/Miles

$$\text{Municipality's Aid} = \left[\$400 + \left[7 * \left[\frac{R_m}{M_m}\right]\right] - \left[.0001 * \left[\frac{E_m}{M_m}\right]\right]\right] * M_m$$

R_m = Number of local registrations
M_m = Number of local road miles
E_m = Equalized Valuation of the municipality

The formula was most recently used in FY89. In recent years, budget language has stipulated that the proposed distribution should be proportional to the previous year's distribution.

ADMINISTRATION: All Highway Fund distributions are made from the motor vehicle fuels excise tax. Each gallon of gasoline sold in the state is taxed 10% of its wholesale price per gallon (recalculated every 3 months) or a minimum of $.21 per gallon. Of the total amount collected 7½% is dedicated to Highway Fund reimbursements.

Payment is on a quarterly basis. Payments are contingent upon local submission of form HED-077, which certifies appropriations for highway related expenses to the Massachusetts Highway Department.

After receiving the HED-077 data provided by the Massachusetts Highway Department, the Division of Local Services checks to ensure that a municipality's total distribution does not exceed its expenditures. The Division of Local Services then certifies the amount due to the Treasurer before each distribution.

PAYMENT SCHEDULE: Quarterly, after filing.

Local Share of Racing Taxes *B-4*

Law(s) Creating/Modifying Program:	**Ch. 558, Acts of 1981, Ch. 549, Acts of 1982, Ch. 110, Acts of 1993**
State Budget Account Number:	**0611-5800**
Agency:	**State Racing Commission**
Total Amount:	**$ 1,433,572**

PURPOSE: To return a portion of the taxes collected from race tracks to those municipalities where horse or dog tracks or certain county fairs are located.

DISTRIBUTION FORMULA: The "handle" equals the total amount of all wagers made. One quarter (¼) of 1% of the handle (not to exceed 3% of each municipality's levy limit) is distributed to municipalities in which racing tracks are located. For race tracks located in two municipalities the distribution will be divided between the two municipalities as follows: 2/3 to the municipality with largest portion of track, 1/3 to the other municipality.

In FY96, municipalities will receive each quarterly distribution based on quarterly Calendar Year 1995 collections. For example, the September FY96 distribution is based on collections from January 1, 1995 through March 31, 1995.

ADMINISTRATION: The Racing Commission certifies to the Treasurer the amounts to be distributed.

PAYMENT SCHEDULE: Quarterly.

Regional Public Libraries B-5

Law(s) Creating/Modifying Program:	**Ch. 78, S. 19C**
State Budget Account Number:	**7000-9401**
Agency:	**Board of Library Commissioners**
Total Amount:	**$11,757,470**

PURPOSE: To support a statewide program of regional libraries that provide various support services to municipal libraries (including delivery of materials between libraries, interlibrary loan, consulting, cooperative efforts, and reference and research services).

DISTRIBUTION FORMULA: The FY96 state budget stipulates that the Boston Public Library, as the "library of last recourse," will receive an amount equal to $.887 per resident of the state.

The allocation for each regional system is then calculated by applying the following rates based on population per square mile in each region:

Over 1,000 per square mile: $1.00
750-999 per square mile: $1.10
Under 750 per square mile: $1.30

The amount of funding for each library that contracts to provide regional service is determined by the annual budget and plan of service recommended by each region's advisory council and approved by the Board of Library Commissioners. If appropriated funds are insufficient to fully fund the formula grants, the initial grants are prorated, unless the Board reallocates the total appropriation.

ADMINISTRATION: The Board of Library Commissioners contracts with libraries it has identified as appropriate providers of regional service. Services are specified in contracts, annual budgets, and plans of service. The Board of Library Commissioners certifies to the Comptroller the amount of aid to be provided to each municipality.

PAYMENT SCHEDULE: Each contract determines whether libraries are reimbursed upon receipt of expenditure reports on a monthly basis (through submission of Form RPLS1) or paid through advance payments on a quarterly basis (through submission of Form RPLS5).

Police Career Incentive B-6

Law(s) Creating/Modifying Program:	**Ch 41, S108L, Ch 835, Acts of 1970, Ch 369, S1&2 Acts of 1973, Ch 452, S1-3 Acts of 1975, Ch 283 S 38, Acts of 1976, Ch 480, S 9**
State Budget Account Number:	**8000-0040**
Agency:	**Higher Education Coordinating Council, Executive Office of Public Safety**
Total Amount:	**$11,500,000**

PURPOSE: To encourage municipalities to provide career incentive education programs to police officers through salary increases. The Police Career Incentive Pay Program rewards police officers for additional training in the field of criminal justice and law enforcement.

REIMBURSEMENT FORMULA: The Higher Education Coordinating Council annually certifies police officers for Associate's, Bachelor's, or Master's degrees. Such officers are eligible to receive 10%, 20%, or 25% base salary pay increases. The participating municipalities pay each officer 100% of Incentive Pay each year the officer remains on the force, and are subsequently reimbursed a proportion of these expenses. The enabling legislation for this program specified that reimbursement should equal 50% of the added annual salary costs (based on the incremental increase in the salaries of officers that have attained degrees) incurred by participating police departments. If the annual costs exceed the budgeted appropriation, expenses are reimbursed to the extent that the appropriations permit, on a prorated basis.

ADMINISTRATION: Participating police officers submit certificates of college completion to the Higher Education Coordinating Council, which certifies career incentive salary increases. The Coordinating Council notifies police chiefs of the academic status attained by participating officers. The police chief in each participating municipality certifies by each September 1 to the Coordinating Council added base salaries paid as a result of the program during the preceding year. The Executive Office of Public Safety determines the amount of reimbursement due to the municipality based on the total appropriation and certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Annually, January

Urban Renewal Projects — *B-7*

Law Creating/Modifying Program: **Ch. 121B, S. 53-57**

Agency: **Executive Office of Communities and Development (EOCD), Municipal Division**

Total Amount: **$2,612,519**

ADMINISTRATION: EOCD administers three different accounts under the Urban Renewal Program.

The federally-aided projects and non-federally aided projects reimburse municipalities for projects approved by EOCD and in the implementation phase. The reimbursements are payable over a 20 year period.

EOCD sends payment vouchers to local treasurers who complete and return them for processing.

PAYMENT SCHEDULE: One half of payment in December and one half of payment in June.

This Municipal Cherry Sheet Receipt Item is comprised of these three accounts: Federally Aided Urban Renewal, Non-Federally Aided Urban Renewal and Urban Revitalization Development Grants.

FEDERALLY-AIDED URBAN RENEWAL

State Budget Account Number: **3022-9101**

Total Amount: **$97,874**

PURPOSE: To meet part of the local cost of federally-aided renewal projects.

REIMBURSEMENT FORMULA: EOCD reimburses one half of the iocal share, or one sixth of the net project cost over a 20 year period. Grants cannot exceed $3.5 million per year. No new projects will be funded, as this program has reached its total funding capacity of $70 million.

NON-FEDERALLY AIDED URBAN RENEWAL

State Budget Account Number: **3022-9102**

Total Amount: **$191,145**

PURPOSE: To meet part of the cost of a local, non-federally approved urban renewal project that did not receive federal assistance under the federally-aided program.

REIMBURSEMENT FORMULA: EOCD reimburses one half of the total net project cost over a 20 year period. Grants cannot exceed $1 million per year. This program's total funding capacity is $20 million and no new contracts will be allowed in FY96.

URBAN REVITALIZATION DEVELOPMENT GRANTS

State Budget Account Number: **3022-9108**

Total Amount: **$2,323,500**

PURPOSE: To provide funds to municipalities to meet planning and implementation costs related to urban revitalization and development projects. The program assists municipalities in the redevelopment of downtowns, neighborhoods, industrial parks, and commercial areas.

REIMBURSEMENT FORMULA: EOCD may advance funds of up to 75% of the estimated cost of project development analysis and administration. When executing a project, the municipality must appropriate 100% of the necessary funds. EOCD will reimburse the municipality over a 20 year period for 50% of the net project cost. The FY96 state budget mandates that no new commitments will be entered into during FY96.

Veterans' Benefits *B-8*

Law Creating/Modifying Program: **Ch. 115, S. 6**

State Budget Account Number: **1410-0400**

Agency: **Department of Veterans' Services**

Total Amount: **$10,334,296**

PURPOSE: To reimburse municipalities for a portion of amounts spent for veterans' financial, medical, and burial benefits.

REIMBURSEMENT FORMULA: The program reimburses 75% of a municipality's costs for veterans' and their dependents' benefits. In an effort to make this program's estimates closer to the actual costs, the Department of Veterans' Services devised a new method of calculating the estimated reimbursements. In FY96, the Cherry Sheet estimates for this program are based on 8 months FY95 actual costs plus a prorated amount for the remaining four months.

ADMINISTRATION: The veterans' agent and the treasurer of each municipality shall certify the names and other information that the Commissioner of Veterans' Services may require within 30 days after the end of the month in which the expenditures were made. The Commissioner then approves and certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Quarterly.

Exemptions: Veterans, Blind Persons and Surviving Spouses B-9

Law(s) Creating/Modifying Program:	**Ch. 58, S. 8A, Ch. 59, S. 5, Clause 17, 17C, 17C½, 17D, 22A, 22B, 22C, 22D, 22E, 37 & 37A**
State Budget Account Number:	**1233-2000**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$4,500,000**

PURPOSE: To reimburse municipalities for property tax exemptions granted to qualifying veterans, blind persons, surviving spouses and elderly persons.

REIMBURSEMENT FORMULA: The reimbursement for each type of exemption is specified by statute. Each municipality is reimbursed for each exemption documented in a given fiscal year. The amounts of exemption granted to individuals and the amounts reimbursed to municipalities by statute are as follows:

- Surviving spouses, minor children, elderly persons:
  $175, 100% reimbursed (Clause 17). For Clauses 17C, 17C½, 17D reimbursement cannot exceed the amount reimbursed under Clause 17
- Paraplegic veterans, surviving spouses:
  Full amount, 100% minus $175 reimbursed (S. 8A)
- Veterans, loss of one arm, foot, or eye:
  $350, 50% reimbursed (Clause 22A)
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight: $700, 75% reimbursed (Clause 22B)
- Veterans, special adapted housing:
  $875, 80% reimbursed (Clause 22C)
- Veterans, surviving spouses, Quemoy & Matsu only:
  $175, 100% reimbursed (Clause 22D)
- Veterans, 100% disability:
  $525, 66 2/3% reimbursed (Clause 22E)
- Blind persons:
  $437.50, 20% reimbursed (Clause 37)
  $500, 17.5% reimbursed (Clause 37A)

ADMINISTRATION: During FY93, Division of Local Services' staff began reviewing reporting requirements for reimbursement of property tax exemptions granted. This review resulted in the revision of all forms submitted by Local Assessors for reimbursement. The Division issued an Informational Guideline Release (IGR) Number

93-302 in November 1993. This IGR included procedural changes in reporting of exemptions granted for some clauses as well as copies of the revised forms.

Claims for reimbursement are processed by the Division of Local Services on a periodic basis. Delays in setting a tax rate due to revaluation problems can result in reimbursements being paid late in the current fiscal year or early in the upcoming fiscal year. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Annually, after filing.

Exemptions: Elderly — *B-10*

Law Creating/Modifying Program:	**Ch. 59, S. 5, Clause 41, 41B & 41C**
State Budget Account Number:	**1233-2310**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$14,040,954**

PURPOSE: To reimburse municipalities for property tax exemptions granted to qualifying people at least 70 years of age who meet certain "whole estate or total assets", annual income, and residency requirements.

REIMBURSEMENT FORMULA: The total number of persons awarded the exemption is divided into the total appropriation. The result is then multiplied by the number of exemptions granted in each municipality to determine the total reimbursement per municipality. However, if a municipality has adopted Clause 41B or 41C, the number of exemptions for which it is reimbursed cannot exceed the number reimbursed in the most recent year under Clause 41. In addition, those municipalities who have adopted Clause 41B or 41C will be reimbursed for additional costs incurred in determining eligibility of applicants under these clauses in an amount not to exceed two dollars per exemption granted.

The exemption amount for each individual is $500.

ADMINISTRATION: Local Assessors submit Form MDM-1 to the Division of Local Services. This form lists the number of exemptions granted in the prior fiscal year. Municipalities must submit Form MDM-1 by October 1. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed to municipalities.

PAYMENT SCHEDULE: Annually, December.

State Owned Land — *B-11*

Law Creating/Modifying Program: **Ch. 58, SS. 13-17**

State Budget Account Number: **0611-5510**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$6,900,000**

PURPOSE: To reimburse communities in which certain types of state owned land is located.

REIMBURSEMENT FORMULA: Eligibility for reimbursement depends on land use and the state agency with jurisdiction over the property as specified in the legislation.

Payment is for land only, not for buildings or any other improvements erected on or affixed to the land. Parcels of land that were exempt from property taxation before acquisition by the state are ineligible for reimbursement through this program.

The formula is based on property value and the latest three-year statewide average tax rate. The formula is as follows:

$$\text{Municipality's Aid} = \left[PV * ET * K \right]$$

PV = Estimated property value of eligible State Owned Land
ET = 3 year statewide average tax rate ($14.62 for FY96)
K = Pro-ration factor

ADMINISTRATION: For FY96, allocation of the $6.9 million appropriation is based upon new appraisals completed in June of 1995. These valuation appraisals are completed every five years; adjustments are made during interim years to account for land acquisitions and the sale of state owned properties.

PAYMENT SCHEDULE: Annually, November.

Public Libraries *B-12*

Law Creating/Modifying Program:	**Ch. 78, S. 19A & 19B, Ch. 133, Acts of 1992**
State Budget Account Number:	**7000-9501**
Agency:	**Board of Library Commissioners**
Total Amount:	**$6,899,804**

PURPOSE: Public Libraries includes three programs: the Library Incentive Grant (LIG),the Municipal Equalization Grant (MEG) and the Nonresident Circulation Offset.

The purposes of the LIG are: (1) to encourage municipalities to maintain minimum levels of library services and resources and; (2) to provide an incentive to develop improved services.

The purpose of the MEG is to begin to provide improved library service, resources, and/or facilities in municipalities with relatively less revenue raising capacity by compensating libraries for disparities in municipal funding sources.

The purpose of the Nonresident Circulation Offset is to help offset the costs a public library incurs when it circulates materials to residents of other communities. Originally approved in the 1993 Supplemental Appropriation, the Nonresident Circulation Offset was incorporated into Cherry Sheet estimates in FY95.

DISTRIBUTION FORMULA: This program employs three funding formulas to determine amounts for each municipality. Municipalities complete one application for all three public library programs.

1. The Library Incentive Grant (LIG) is distributed to municipalities as follows:

a) population under 2,500: an amount equal to the amount appropriated for free public library service in the preceding year; distribution not to exceed $1,250

b) population of 2,500 or over: up to $.50 per capita, provided that at least $1,250 was appropriated for public library service in the preceding year.

2. The Municipal Equalization Grant (MEG) distributes the balance in the LIG/MEG account according to the lottery formula (See Municipal Cherry Sheet Receipt Item Number B-1), so that municipalities with lower property values receive proportionately more aid than those with greater property values.

3. The Nonresident Circulation Offset is distributed annually by the Board of Library Commissioners, based upon each community's share of the total statewide circulated items.

ADMINISTRATION: To qualify for funding, certain requirements must be met and the municipal Library Director must submit an application to the Board of Library Commissioners each year. Requirements include:

1. In FY96, the city or town's appropriation to operate the public libraries must be equal to or greater than 102.5% of the average of the 3 preceding years' appropriations for free public library service. The Board of Library Commissioners may grant waivers of this requirement to a limited number of municipalities.

2. The library must have complied with the minimum standards for free public library service in the preceding year. There are minimum standards in such areas as library director's education, number of hours open, and expenditures for library materials.

3. The library must submit annual report data as specified by the Board of Library Commissioners.

The Board of Library Commissioners measures compliance with all requirements before voting to certify or deny applicants for grant payments.

The Board of Library Commissioners certifies to the Comptroller the amount of aid to be provided to each municipality.

PAYMENT SCHEDULE: Once the Board of Library Commissioners certifies a community, the first payment is made in the second through the fourth quarter. This payment includes 100% of a municipality's LIG allocation and a portion of the MEG. The remaining balance of a municipality's MEG allocation is paid in the last quarter of the year. The majority of the Nonresident Circulation Offset is paid in conjunction with the LIGs and the MEGs second quarter distribution.

Payments must be held in a separate municipal account and shall be expended by the public library without appropriation.

III. CHERRY SHEET ASSESSMENTS

Chapter 59, Section 21 of the Massachusetts General Laws requires the Commissioner of Revenue to provide municipalities and regional school districts with advance estimates of state assessments and charges and county tax assessments. Local assessors are required to use these figures in determining the local property tax rate.

The Cherry Sheet, form CS 1-EC, notifies municipalities of estimated assessments and charges. Regional school districts are notified of charges for the one assessment program in which they participate, Energy Conservation Program Repayment, on form CS 2-ER.

Actual assessments will differ from Cherry Sheet estimates for at least five programs, as final data become available to administering agencies subsequent to the issuance of Cherry Sheets.

The "prior year underestimates" and "prior year overestimates" columns on form CS 1-EC provide for local budgetary recognition of deficits and surpluses that are caused when the actual assessments and charges differ from the estimates. Local assessors must use these Cherry Sheet figures in determining the "Total Amount to Be Raised by Taxation" on the Tax Rate Recapitulation Sheet. An overestimate represents a prior fiscal year account surplus which is reflected as an estimated receipt to support the current year's budget; an underestimate represents a prior year account deficit which is reflected as an amount to be raised in the current year's budget.

Under Proposition 2½, the following agencies' or counties' total assessments cannot increase by more than 2½% of the prior year's actual assessment: County Tax (A), Mosquito Control Projects (B-5), Air Pollution Districts (B-6), Metropolitan Area Planning Council (B-7), Old Colony Planning Council (B-8), MBTA (C-1), Boston Metropolitan Transit District (C-2), and Regional Transit Authorities (C-3). However, the administering agencies or authorities can increase their total assessments by more than 2½% if they can demonstrate to the Division of Local Services that the increase is due to the provision of new services.

PAYMENT OF FY96 CHERRY SHEET ASSESSMENTS

At the beginning of each fiscal year, the State Treasurer requests actual figures or updated estimates from agencies for State Assessments and Charges (B-1 through B-9) and Transportation Authorities (C-1 through C-3). These estimates may differ from Cherry Sheet figures if better information has become available since the issuance of the Cherry Sheet. When final assessments are determined, adjustments are made to assessments in the last three quarterly local aid distributions. For State Assessments and Charges and Transportation Authorities, agencies certify assessments directly to the State Treasurer to be deducted from distributions.

For Annual Charges Against Receipts (D-1 through D-4), agencies certify charges to the Division of Local Services, which notifies the State Treasurer when it certifies the amounts of the local aid distribution.

Cherry Sheet Assessments/Charges

Cherry Sheet assessments are deducted from quarterly local aid distributions by the Treasurer. One quarter of each of the following assessments will be deducted from each municipality's quarterly local aid distribution:

State Assessments and Charges (B-1 through B-9)
Transportation Authorities (C-1 through C-3)

In addition, one entire item from Annual Charges Against Receipts will be deducted from each municipality's quarterly distribution as follows:

1st quarter: Multi-Year Repayment Programs (D-1)
2nd quarter: Energy Conservation (D-3)
3rd quarter: STRAP Repayments (D-4)
4th quarter: Special Education (D-2)

County Tax — A

Law Creating/Modifying Program: **Ch. 35, S. 30**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$25,670,560**

PURPOSE: To assess municipalities in order to fund the cost of county government and the services counties provide.

ASSESSMENT FORMULA: For FY96, each county's total tax assessment is allowed to increase only by 2½% over the prior year's actual total tax assessment.

For Barnstable county only, a charge for the Cape Cod Commission is added to the total assessment.

Each county government's assessment is apportioned among its member municipalities in proportion to each municipality's Equalized Valuation as a share of the total county Equalized Valuation. Equalized Valuations are used to calculate the tax rate of each county and the tax rate of each municipality within each county.

The formula used for the calculation of each county's tax is shown on the next page.

ADMINISTRATION: Local treasurers are assessed directly by the County Commissioners, who are responsible for determining the assessments.

PAYMENT SCHEDULE: Semiannual, November and May.

County Tax Assessment Formulas

$$\text{County Tax Rate} = \left[\frac{E_c}{E_s}\right] * 1000$$

$$\text{Municipality's Share of Tax Rate} = \left[\frac{E_m}{E_c}\right] * TR_c$$

$$\text{County Tax} = \left[\frac{TR_m}{TR_c}\right] * A_c$$

E_c = Equalized Valuation of the county
E_s = Equalized Valuation of the state
TR_c = Tax Rate of the county
E_m = Equalized Valuation of the municipality
A_c = Total assessment for the county
TR_m = Tax rate of the municipality

Supervision of Retirement Systems *B-1*

Law(s) Creating/Modifying Program: Ch. 32, S. 21 (2)

Agency: Public Employee Retirement Administration

Total Amount: $1,071,338

PURPOSE: To assess municipalities for the costs of state supervision of municipal retirement systems to ensure compliance with state regulations.

CHARGE FORMULA: The total amount expended for supervision of municipal retirement systems by the Public Employee Retirement Administration is apportioned to those governmental units operating a retirement system in proportion to the amount disbursed from each system to retirees.

ADMINISTRATION: Assessments are determined by the Public Employee Retirement Administration. Audits are completed every three years; the costs of an audit are included in the assessment to municipalities.

ASSESSMENT SCHEDULE: Quarterly.

Motor Vehicle Excise *B-2*

Law(s) Creating/Modifying Program: **Ch. 727, Acts of 1962**

Agency: **Registry of Motor Vehicles**

Amount: **$49,775**

PURPOSE: To reimburse the state for a portion of the costs incurred by the Registry of Motor Vehicles in the preparation of annual Motor Vehicle Excise tax bills. Charges are not assessed to municipalities that print their own bills.

CHARGE FORMULA: Each municipality is assessed a charge of $.15 per tax bill printed by the Registry on behalf of the municipality. Municipalities are credited for incorrectly printed bills. Charges reflect bills from Registry "commitments" in the prior calendar year. FY96 charges reflect the bills printed by the Registry during 1993, 1994 and 1995.

ADMINISTRATION: Each municipality's charge is determined by the Division of Local Services upon certification by the Registry of Motor Vehicles.

ASSESSMENT SCHEDULE: Quarterly.

Retired Employees Health Insurance *B-3*

Law(s) Creating/Modifying Program: **Ch. 32A, S. 10B (c)**

Agency: **Group Insurance Commission**

Total Amount: **$1,726,517**

PURPOSE: To reimburse the state for the costs of providing a health insurance plan for governmental retirees who were pensioned prior to the implementation of Chapter 32B by their local governmental unit. Chapter 32B enabled municipalities to establish a mechanism for group insurance for retirees.

ASSESSMENT FORMULA: Each participating municipality is assessed for the governmental share of health insurance premiums paid on behalf of its retirees by the state. The state pays 90% of the total premium; the retiree's copayment is 10% of the total premium as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality.

ADMINISTRATION: The Group Insurance Commission pays health and life insurance premiums on behalf of local government retirees. Local governments are assessed for the payments made on behalf of their retirees. A retiree's copayment is subtracted from his or her pension payment.

ASSESSMENT SCHEDULE: Quarterly.

Retired Teachers' Health Insurance B-4

Law(s) Creating/Modifying Program: **Ch. 32A, S. 12**

Agency: **Group Insurance Commission**

Total Amount: **$19,444,936**

PURPOSE: To reimburse the state for the costs of providing a life and health insurance plan for retired municipal teachers.

ASSESSMENT FORMULA: Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state. The state pays 90% of the total premium; the retiree's copayment is 10% of the total premium as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality.

ADMINISTRATION: The Group Insurance Commission pays health and life insurance premiums on behalf of local teacher retirees. Local governments are assessed for the payments made on behalf of their teacher retirees. A retiree's copayment is subtracted from his or her pension payment.

ASSESSMENT SCHEDULE: Quarterly.

Mosquito Control Projects *B-5*

Law(s) Creating/Modifying Program: **Ch. 252, S. 5A, Ch. 2, S. 41, Acts of 1986**

Agency: **State Reclamation Board**

Total Amount: **$3,767,411**

PURPOSE: To assess municipalities for the costs of mosquito control services.

ASSESSMENT FORMULA: There are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. All mosquito control projects are to be assessed their proportional expenses for the administration of the state Reclamation Board. Each project relies on a separate formula to apportion its assessment to its member municipalities. All formulas are based on Equalized Valuation; five of the projects' formulas also use land area as a component.

ADMINISTRATION: The State Reclamation Board determines total project assessments and the share of assessments paid by member municipalities of projects. Assessments also include each member municipality's share of the Reclamation Board's administrative costs for the program.

ASSESSMENT SCHEDULE: Quarterly.

Air Pollution Districts — B-6

Law(s) Creating/Modifying Program: **Ch. 111, S. 142B & 142C, Ch. 676, S.1, Acts of 1960**

Agency: **Department of Environmental Protection**

Amount: **$1,334,891**

PURPOSE: To assess municipalities for a portion of the costs incurred by the Department of Environmental Protection in monitoring air pollution levels and enforcing air quality standards at industrial, commercial, and institutional facilities.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on relative population and Equalized Valuation:

$$\text{Municipality's Assessment} = \left[\left[\frac{P_m}{P_s} * .50 \right] + \left[\frac{E_m}{E_s} * .50 \right] \right] * A_s$$

P_m = Population of the municipality
P_s = Population of the state
E_m = Equalized Valuation of the municipality
E_s = Equalized Valuation of the state
A_s = Total state assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The Department of Environmental Protection determines the total amount of the assessment and calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

Metropolitan Area Planning Council B-7

Law(s) Creating/Modifying Program: **Ch. 40B, S. 26 & 29, Ch. 476, Acts of 1974**

Agency: **Metropolitan Area Planning Council**

Amount: **$652,707**

PURPOSE: To assess municipalities in order to finance a Metropolitan Boston area planning district to promote urban planning and respond to the common urban problems of Boston and outlying municipalities.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on population (net of all inmates of correctional institutions).

$$\text{Municipality's Assessment} = \left[\frac{P_m}{P_d}\right] * A_d$$

P_m = Population of the municipality
P_d = Population of the district (net of inmates)
A_d = Total Metropolitan Area Planning Council assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The Metropolitan Area Planning Council calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

Old Colony Planning Council — *B-8*

Law(s) Creating/Modifying Program: **Ch. 332, Acts of 1967**

Agency: **Old Colony Planning Council**

Amount: **$72,421**

PURPOSE: To assess municipalities in order to finance a regional planning body for the Brockton Metropolitan area to promote social and economic improvement.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on population:

$$\text{Municipality's Assessment} = \left[\frac{P_m}{P_d}\right] * A_d$$

P_d = Population of the district
P_m = Population of the municipality
A_d = Total Old Colony Planning Council assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The Old Colony Planning Council calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

RMV Non-Renewal Surcharge — *B-9*

Law(s) Creating/Modifying Program:	**Ch. 90, S. 20, 20½, 22B, Ch. 60A, S.2A, Ch. 233, S.92, Acts of 1983 Ch. 653, Acts of 1989, Ch. 133, Acts of 1992**
Agency:	**Registry of Motor Vehicles**
Amount:	**$12,818,820**

(The RMV Non-Renewal Surcharge always appears in Column 2 - Prior Year Underestimates to be Raised)

PURPOSE: To reimburse the Registry of Motor Vehicles for "marking" a license or registration for non-renewal due to:

1. non-payment of parking violations
2. non-payment of motor vehicle excise tax
3. non-payment of abandoned vehicle costs

CHARGE FORMULA: The Registry of Motor Vehicles charges each participating municipality $20 for each "mark" of a license for non-renewal. The FY96 assessments are based upon FY95 non-renewal obligations cleared.

It should be noted that Chapter 653 of the Acts of 1989 authorized the Registry to begin marking a license or registration for non-payment of motor vehicle excise tax. In addition, Chapter 133 of the Acts of 1992 increased the charge levied against municipalities from $10 to $20. Because the RMV implemented these changes in the middle of the fiscal year, the full impact of both the increased fee and the expanded marking options were not fully evident until FY94.

ADMINISTRATION: The municipality collects a $20 surcharge per violation or non-payment of excise from individual violators. This enables the municipality to offset the $20 charge per "marking" assessed by the Registry of Motor Vehicles. Because of the difficulty in estimating an upcoming year's surcharges, the Cherry Sheet estimate is always zero. Actual assessments appear as underestimates on the subsequent year's Cherry Sheet.

ASSESSMENT SCHEDULE: Quarterly.

Massachusetts Bay Transportation Authority (MBTA) C-1

Law(s) Creating/Modifying Program:	**Ch. 161A, SS. 8 & 9, Ch. 825, SS. 6 & 7, Acts of 1974**
Agency:	**Massachusetts Bay Transportation Authority**
Total Amount:	**$130,958,548**

PURPOSE: To assess municipalities for a regional public transit system for the Metropolitan Boston area.

ASSESSMENT FORMULA: The MBTA is composed of 78 municipalities: 14 municipalities that originally were part of the Boston Metropolitan Transit District and 64 additional municipalities.

MBTA municipalities are assessed for the net cost of MBTA service. The net cost of service is the difference between annual income received and annual expenses incurred by the MBTA.

Each municipality's total MBTA assessment is the sum of its share of the following:

Express Service + Local Service + Interest Charged by the State Treasurer

ADMINISTRATION: The total annual MBTA assessment cannot increase by more than 2½% of the prior year's actual assessment unless new or expanded service has been documented. The MBTA is required by law to notify the Treasurer of the amount of the Net Assessable Cost of Service to be assessed to the municipalities within the district. The Statement of Facts is the official document for assessment purposes and is formally approved and certified by the MBTA Board of Directors.

An assessment for a given fiscal year is based on the net cost of service for the calendar year that ended six months prior to the beginning of that fiscal year. FY96 assessments are thus based on the net cost of service from January thru December 1994.

ASSESSMENT SCHEDULE: Quarterly.

Boston Metropolitan Transit District — *C-2*

Law(s) Creating/Modifying Program:	**Ch. 383, S. 12, Acts of 1929, Ch. 535, Acts of 1954**
Agency:	**Boston Metropolitan District Commission**
Total Amount:	**$25,000**

PURPOSE: To assess municipalities for the administrative costs and charges incurred by the Metropolitan Transit District.

ASSESSMENT FORMULA: As the predecessor to the MBTA, the Boston Metropolitan District is made up of the 14 original MBTA municipalities: Arlington, Belmont, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Milton, Newton, Revere, Somerville, and Watertown.

The assessment pays for administrative costs and charges incurred by the District. The total assessment is assessed to member municipalities in proportion to their share of the District's total Equalized Valuation.

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The District is no longer active; it exists only to administer outstanding debt issued prior to the formation of the MBTA. The MBTA pays for the District's debt service costs. When the debt is retired, the District will cease to exist, and the District assessment will no longer be a Cherry Sheet assessment item.

ASSESSMENT SCHEDULE: Quarterly.

Regional Transit Authorities *C-3*

Law(s) Creating/Modifying Program:	**Ch. 161B, SS. 9, 10, & 23, Ch. 1141, Acts of 1973**
Agency:	**Division of Local Services, Department of Revenue, Executive Office of Transportation and Construction**
Total Amount:	**$13,287,478**

PURPOSE: To assess municipalities in order to provide for a system of regional transportation authorities to develop, finance, and contract for the operation of transportation facilities and service outside the Metropolitan Boston area.

ASSESSMENT FORMULA: Between 25% and 50% of the total net cost of service of each regional transit authority is assessed to its member municipalities in proportion to the estimated cost of operating routes through those municipalities. Net cost is the difference between the revenues collected from and the cost of operation of such routes. Revenue sources include fares, advertising, and federal and state operating assistance. The amount that remains to be raised is divided between municipalities and the state through contract assistance.

ADMINISTRATION: The total assessment of each regional transit authority cannot exceed 2½% of the prior year's assessment unless expanded service is documented and the increase is approved by the Division of Local Services and the Executive Office of Transportation and Construction. Assessments represent the local share of the net cost of service for the previous fiscal year. Thus FY96 assessments are based on FY95 costs.

ASSESSMENT SCHEDULE: Quarterly.

Multi-Year Repayment Program	*D-1*

Law(s) Creating/Modifying Program: **Ch. 147, Acts of 1986, Ch. 139, Acts of 1988, Ch. 58 S.20A**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$676,630**

PURPOSE: To reimburse the state for (1) loans made to municipalities and (2) overpayment of School Building Assistance Grants.

CHARGE FORMULA: The amount and number of repayments are fixed in legislation or through agreements between state agencies and the municipality.

ADMINISTRATION: Repayments are certified to the Treasurer by the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the first quarterly local aid distribution.

Special Education Assessment *D-2*

Law(s) Creating/Modifying Program: **Ch. 71B, SS. 10 & 12, Ch. 766, Acts of 1972**

Agency: **Department of Education**

Total Amount: **$1,747,269**

PURPOSE: To reimburse the state for providing special needs education to children enrolled in (1) state hospital schools or (2) private institutions, whose placements were made before 1975.

CHARGE FORMULA: The cost that each municipality is charged is the average per pupil cost of education within the school district multiplied by the Full Time Equivalent of resident pupils served by the state. FY96 charges are for pupils served in the 1994-1995 school year.

ADMINISTRATION: The Department of Education determines a per pupil cost for each school system based on enrollments and costs in the prior school year. The Department of Education certifies charges to the Division of Local Services.

ASSESSMENT SCHEDULE: Charges will be deducted from the fourth quarter local aid distribution.

Energy Conservation Programs Repayment	*(Municipal) D-3* *(Regional) A-8A*

Law(s) Creating/Modifying Program: **Ch. 700, Acts of 1983**

Agency: **Division of Local Services, Department of Revenue, Division of Energy Resources, Executive Office of Consumer Affairs and Business Regulation**

Total Amount: **$262,616**
All Municipal: **$193,582**
All Regional: **$ 69,034**

PURPOSE: To reimburse the state for a portion of grants made to encourage municipalities and regional school districts to implement energy conservation programs in public buildings.

ASSESSMENT FORMULA: The state finances 100% of the cost of these energy conservation programs, making payments once the grant is approved by the Division of Energy Resources. Participating municipalities and regional school districts must repay 30% of the total amount advanced by the state over an agreed upon period. Annual payments are fixed when the grant is approved and no interest is charged.

ADMINISTRATION: Municipalities and regional school districts apply to the Division of Energy Resources for these grants. The 30% repayment must be paid within ten years of the date of the agreement. Repayments do not begin until the second fiscal year after grant approval. The Division of Energy Resources certifies the assessments to the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the second quarter local aid distribution.

Small Town Road Assistance Program Repayments (STRAP) *D-4*

Law(s) Creating/Modifying Program:	**Ch. 637, S. 32, Acts of 1983, Ch. 811, Acts of 1985, Ch. 15, Acts of 1988**
Agency:	**Massachusetts Highway Department**
Total Amount:	**$211,108**

PURPOSE: To reimburse the state for a portion of road assistance program grants made to municipalities with populations of fewer than 2,500 for capital construction projects promoting public safety and economic development.

This is not an active grant program at this time.

CHARGE FORMULA: The state finances 100% of the cost of these road assistance programs in advance. Participating municipalities must repay 30% of the total state grant over a ten year period. Grants cannot exceed $200,000. Payments are fixed at the time the grant agreement is finalized and no interest is charged.

ADMINISTRATION: Municipalities must apply to the Massachusetts Highway Department. Selection of grant recipients is based upon the urgency of each project for public safety purposes and the importance to local economic development. The 30% repayment must be within ten years of the date of the agreement. The Massachusetts Highway Department certifies the charges to the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the third quarter local aid distribution.

IV. CHERRY SHEET PAYMENT SCHEDULE

Each year after the Cherry Sheets are released the Division of Local Services issues an Information Guideline Release (IGR) which provides municipal officials with information on the dates they can expect payments through each Cherry Sheet program. It also describes when assessments will be deducted from local aid distributions.

This IGR can be found on the following pages. To request additional copies of the FY96 Payment Schedule for Cherry Sheet Programs (IGR No. 95-301) please call the Division of Local Services at (617) 626-2300.

Commissioner
Mitchell Adams
Deputy Commissioner
Robert H. Marsh

Massachusetts Department of Revenue
Division of Local Services

Informational Guideline Release

Municipal Data Management/Technical Assistance Bureau
Informational Guideline Release (IGR) No. 95-301
July 1995

FISCAL YEAR 1996

PAYMENT SCHEDULE FOR CHERRY SHEET PROGRAMS

This Informational Guideline Release provides municipal officials with information on the FY96 payment schedule for Cherry Sheet programs.

If you need any additional information, please call the Municipal Data Management and Technical Assistance Bureau.

Topical Index Key:

Cash Management
Local Aid

Distribution:

Assessors
Treasurers
Accountants/Auditors
Mayors/Selectmen
City/Town Managers/Exec. Secys.
Finance Directors

Informational Guideline Release (IGR) 95-301
July 1995

FISCAL YEAR 1996

PAYMENT SCHEDULE FOR CHERRY SHEET PROGRAMS

This guideline provides municipal officials with information on the dates they can expect payments for Fiscal Year 1996 Cherry Sheet programs. In addition, this guideline explains how assessments will be deducted from local aid distributions. This information will be useful in municipal cash flow calculations.

Local Officials should note that School Choice tuition assessments will be deducted from the municipality's quarterly local aid distribution. G.L. Ch. 76 §12B. Charter school tuition assessments will now also be deducted from local aid distributions. G.L. Ch. 71 §89, as amended by Ch. 38 §102 of the Acts of 1995 (The FY96 State Budget). By regulation of the Executive Office of Education the first quarter deduction shall be made no later than August 15 of a fiscal year. The remaining three deductions shall be made at the end of each quarter. These assessments are in addition to the Cherry Sheet assessments deducted quarterly as described on page three of this IGR.

The guideline also lists the local officials responsible for providing relevant information to state agencies for those Cherry Sheet programs where local action is required to secure such payments.

Municipal Data Management/
Technical Assistance Bureau

Robert N. Addelson, Chief

FY96 Cherry Sheet Programs Payment Schedule

Program	Local Action Needed	Local Official(s) Responsible	Timing of Payments
Chapter 70	No		Quarterly[1]
School Transportation	School Year End Report	School Superintendent	Annually, 3rd Quarter
School Construction	No		Annually[2]
Retired Teachers' Pensions[3]	Reimbursement Request	Retirement Board	Annually, September
Tuition of State Wards	Reimbursement Claim	School Superintendent	Annually, 4th Quarter
Racial Imbalance	Desegregation Plan	School Superintendent	Quarterly, on request[4]
Magnet Education Improvement	Desegregation Plan	School Superintendent	Quarterly, on request[4]
Equal Education Improvement	Desegregation Plan	School Superintendent	Quarterly, on request[4]
School Lunch	Reimbursement Claims	School Superintendent	Monthly
Lottery	No		Quarterly[1]
Additional Assistance	No		Quarterly[1]
Highway Fund	Certification Form	Mayor/Board of Selectmen	Quarterly[1]
Local Share of Racing Taxes	No		Quarterly
Regional Public Libraries	Reimbursement & Reporting Form or Forward Funding Request Form	Library Director	Monthly or Quarterly[5]
Police Career Incentive	Request for Reimbursement	Chief of Police/Town Accountant	Annually, January
Federally Aided Urban Renewal	Payment Voucher[6]	Treasurer	Semiannually, December & June
Non-Federally Aided Urban Renewal	Payment Voucher[6]	Treasurer	Semiannually, December & June
Urban Revitalization	Payment Voucher[6]	Treasurer	Semiannually, December & June
Veterans' Benefits	Reimbursement Claim Forms[7]	Local Veterans' Agent	Quarterly
Veterans Exemptions	Reimbursement Request	Assessors	Annually, after filing
Blind Persons Exemptions	Reimbursement Request	Assessors	Annually, after filing
Surviving Spouses Exemptions	Reimbursement Request	Assessors	Annually, after filing
Elderly Persons Exemptions	Reimbursement Request	Assessors	Annually, December
State Owned Land	No		Annually, November
Public Libraries	Application	Library Director	Annually or Semiannually[8]

Assessments

Cherry Sheet assessments will automatically be deducted from quarterly local aid distributions. One quarter (¼) of each of the following assessments will be deducted from each community's quarterly local aid distribution:

State Assessments and Charges (Form C.S. 1-EC, Lines B-1 through B-9)
Transportation Authorities (Form C.S. 1-EC, Lines C-1 through C-3)

In addition, one item from Annual Charges Against Receipts will be deducted from each community's quarterly distribution as follows:

1st quarter: Multi-Year Repayment Programs (Form C.S. 1-EC, Line D-1)
2nd quarter: Energy Conservation (Form C.S. 1-EC, Line D-3)
3rd quarter: STRAP Repayments (Form C.S. 1-EC, Line D-4)
4th quarter: Special Education (Form C.S. 1-EC, Line D-2)

County assessments (Form C.S. 1-EC, Line A) are paid directly to the county by communities.

Notes to FY96 Cherry Sheet Programs Payment Schedule

1 Quarterly payments are made the last working day of September, December, March and June. In addition to the deductions made for the cherry sheet assessments (described above), certain municipalities will have their quarterly local aid distributions reduced for School Choice and Charter School tuition costs.

2 SCHOOL CONSTRUCTION: Form F must be filed three times during the duration of the School Construction Project: first when applying for Board of Education approval of the project, second when applying for a project number, and finally when the project and audit are completed. Payments are made annually for each project, during the quarter in which the project's construction started. Communities must submit evidence that a project has started in order to receive the first annual payment.

3 RETIRED TEACHERS' PENSIONS are paid only to Boston since it is the only community that does not belong to the State Teachers' Retirement System.

4 RACIAL IMBALANCE, MAGNET EDUCATION IMPROVEMENT, and EQUAL EDUCATION IMPROVEMENT: The first grant payment is automatic, once the plan or application has been submitted to the Department of Education. For each grant, the last three quarterly payments are made after the Superintendent files a Request for Funds Form each quarter.

5 REGIONAL PUBLIC LIBRARIES receive payments either monthly (as a reimbursement) or quarterly (as an advance) as specified in their contract with the Board of Library Commissioners.

6 URBAN RENEWAL PROJECTS (Federally and Non-Federally Aided Urban Renewal and Urban Revitalization). Payment Vouchers are prepared by the Executive Office of Communities and Development (EOCD), sent to municipal treasurers for signature, and returned to EOCD to process for payment.

7 Reimbursement claim forms VS5 & VS6 are submitted monthly to the Department of Veterans' Services and paid quarterly by that agency.

8 PUBLIC LIBRARIES: Communities either receive one or two payments. The first payment includes their Library Incentive Grant (LIG), Municipal Equalizing Grant (MEG), and Non-Resident Circulation Offset and is made in the 2nd or 3rd quarter; subject to availability of funds, a 2nd payment of additional MEG funds may be made in the last quarter.

V. CHERRY SHEET RESOURCES

This is a directory of available reports and resource materials related to the Cherry Sheet. Please contact us at the Division of Local Services' Local Aid Section/Municipal Data Bank to request any of the resources listed below.

Electronic Access

Cherry Sheet estimates for individual communities and districts can be viewed on-screen or downloaded by using the Division of Local Services:
On-line Access System modem (14,000bps) at 617-626-2406 and 617-626-2407 or
home page on the World-Wide Web http://www.magnet.state.ma.us/dor/dls/dor2.htm

Reports Comparing All Communities or Sets of Communities

Cherry Sheet Estimates Booklet: Estimates for all cities, towns and regional districts, by program, for both receipts and assessments.

Trends in Net State Aid: Shows each municipality's total Cherry Sheet receipts, assessments and the net amount of aid, for each year since FY81.

Reports for Individual Communities

Cherry Sheet Printout: Provides a computer printout of estimated Cherry Sheet receipts and/or assessments for FY96 or prior years.

State Aid Trends: Provides a multi-year look, by program, at a community's Cherry Sheet estimated receipts.

Any questions regarding Cherry Sheets or Local Aid should be directed to one of the individuals listed below.

Cherry Sheets, Local Aid

Roger Hatch	617-626-2377
Kay Upham	617-626-2363
Lisa Juszkiewicz	617-626-2386

On-line or Internet Access:

Burt Lewis	617-626-2385

VI. SAMPLES OF THE CHERRY SHEET

In an effort to assist those who may not be familiar with the actual Cherry Sheet forms, we have included sample copies of each of the three Cherry Sheet notifications into this manual. The actual Cherry Sheet consists of the following:

Form CS 1-ER is the official notification of the estimated receipts to be paid to each municipality by the state during the next fiscal year.

Form CS 2-ER is the official notification of the estimated receipts and the one charge for Regional School Districts. This form is sent to the superintendent of each regional school. Copies are sent to each member municipality.

Form CS 1-EC is the official notification of the estimated assessments and charges for the next fiscal year that each municipality must pay for services performed by the state, counties or certain regional districts.

C.S. 1-ER

Commonwealth of Massachusetts Department of Revenue

NOTICE TO ASSESSORS OF ESTIMATED RECEIPTS
TO BE USED IN DETERMINING THE TAX LEVY

General Laws, Chap. 58, Sect. 25A, and Chap. 59, Sect. 23

FY96

ALL MUNICIPALITIES
Municipality

A. EDUCATION:

Distributions and Reimbursements:

1. Chapter 70	$	1,486,542,892
2. School Transportation Programs Chs. 71, 71A, 71B and 74		56,307,297
3. School Construction 1948, Ch. 645; 1976, Ch. 511		151,419,010
4. Retired Teachers' Pensions Ch. 32, s. 20 (2) (c)		35,500,000
5. Tuition of State Wards Ch. 76, ss. 7 and 9		3,237,386

Offset Items - Reserve for Direct Expenditure:

6. Racial Equality Chs. 76, s. 12A, 71, ss. 37 I,J	$	23,476,488
7. School Lunch Ch. 871		4,448,473
Sub-Total, All Education Items	$	1,760,931,546

B. GENERAL GOVERNMENT:

Distributions and Reimbursements:

1. Lottery, Beano & Charity Games Ch. 29, s. 2D	$	442,600,000
2. Additional Assistance		476,315,282
3. Highway Fund Ch. 81, s. 31; 1980, Ch. 577, s. 8		43,472,110
4. Local Share of Racing Taxes 1981, Ch. 558		1,433,572
5. Regional Public Libraries Ch. 78, s. 19C		11,757,470
6. Police Career Incentive Ch. 41, s. 108L		11,500,000
7. Urban Renewal Projects Ch. 121		2,612,519
8. Veterans' Benefits Ch. 115, s. 6		10,334,296
9. Exemptions: Vets, Blind & Surv. Spouse Ch. 59		4,500,000
10. Exemptions: Elderly Ch. 59, s. 5, Cl. 41, 41B or 41C		14,040,954
11. State Owned Land Ch. 58, ss. 13-17B	$	6,900,000

Offset Item - Reserve for Direct Expenditure:

12. Public Libraries Ch. 78, s. 19A	$	6,899,804
Sub-Total, All General Government	$	1,032,366,007

C. TOTAL ESTIMATED RECEIPTS FISCAL 1996 $ 2,793,297,553

C.S. 2-ER

Commonwealth of Massachusetts Department of Revenue
NOTICE TO REGIONAL SCHOOL DISTRICTS
OF ESTIMATED RECEIPTS

FY96

General Laws, Chap. 58, Sect. 25A and Chap. 59, Sect. 23

Name of School District ALL REGIONS

Member Cities and Towns ALL

A. EDUCATION:

Distributions and Reimbursements:

1. Chapter 70	$	345,275,655
2. School Transportation Programs Chs. 71, 71A, 71B and 74.		2,001,342
3. School Construction 1948, Ch. 645; 1976, Ch. 511.		22,929,508
4. Regional School Transportation Ch. 71, s. 16C.		26,230,965
5. Tuition of State Wards Ch. 76, ss. 7 and 9		,749,561

Offset Items - Reserve for Direct Expenditure:

6. Racial Equality Ch. 76, s. 12A.	$	921,735
7. School Lunch Ch. 871		702,430

Total Estimated Receipts Fiscal 1996.	$	398,811,196

Estimated Charges:

8A. Energy Conservation Programs Repayment 1987, Ch. 584.	$	-69,034

B. TOTAL ESTIMATED RECEIPTS, NET OF ESTIMATED CHARGES, FISCAL 1996.	$	398,742,162

C.S. 1-EC

Commonwealth of Massachusetts Department of Revenue

FY96

NOTICE TO ASSESSORS OF ESTIMATED CHARGES
TO BE USED IN DETERMINING THE TAX LEVY

GENERAL LAWS, CHAPTER 59, SECTION 21. . . . . All MUNICIPALITIES . . . . . .
Municipality

The following State and County Assessments, as estimated, and the underestimates from the prior year, must be used by the Assessors in determining the "Total Amount to be Raised by Taxation." Overestimates from the prior year must be listed by the Assessors as "Estimated Receipts - State."	Column 1 Estimates to be raised	Column 2 PRIOR YEAR Underestimates to be raised	Column 3 PRIOR YEAR Overestimates to be Used as Estimated Receipts - State
A. County Assessment, County Tax Ch. 35, s. 31. . . .	$ 25,670,560	$ 824	$ 905,809
B. STATE ASSESSMENTS AND CHARGES:			
1. Supervision of Retirement Systems Ch. 32, s. 21. . . .	$ 1,071,338	$	$
2. Motor Vehicle Excises 1962, Ch. 727.	49,775		
3. Retired Employees Health Insurance Ch. 32A.	1,726,517		
4. Retired Teachers Health Insurance Ch. 32A	19,444,936		
5. Mosquito Control Projects Ch. 252.	3,767,411	7,487	50,461
6. Air Pollution Districts Ch. 676.	1,334,891		
7. Metropolitan Area Planning Council Ch. 40B, 476	652,707		
8. Old Colony Planning Council Ch. 332	72,421	153	153
9. RMV Non-Renewal Surcharge, Ch. 90; Ch. 60A		12,818,820	
Sub-Total, State Assessments	$ 28,119,996	$ 12,826,460	$ 50,614
C. TRANSPORTATION AUTHORITIES:			
1. MBTA Chs. 161A, 825	$ 130,958,548	$ 64,558	$ 64,568
2. Boston Met. Trans. Dist. 1929, Ch. 383; 1954, Ch. 535	25,000		
3. Reg'l Trans. Auth's Ch. 161B, ss. 9-10; 1973, Ch. 1141	13,287,478	430,994	397,852
Sub-Total, Transportation Assessments	$ 144,271,026	$ 495,552	$ 462,420
D. ANNUAL CHARGES AGAINST RECEIPTS:			
1. Multi-Year Repayment Programs	$ 676,630	$	$
2. Spec. Educ. Ch. 71B, ss. 10, 12	1,747,269	470,839	127,144
3. Energy Conservation 1983, Ch. 700	193,582	29,073	76,027
4. STRAP Repayments Ch. 637	211,108		
Sub-Total, Charges against Receipts	$ 2,828,589	$ 499,912	$ 203,171
E. TOTAL ESTIMATED CHARGES, FISCAL 1996	$ 200,890,171	$ 13,822,748	$ 1,622,014

F. NET CHARGES, FISCAL 1996. . . . . (Column 1 + Column 2 - Column 3) $ 213,090,905